



Barrack St Investments Limited

2014
Annual Report





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BARRACK ST INVESTMENTS LIMITED

ABN 84 167 689 821

13 September 2014

Dear Shareholder

Barrack St Investments Limited has been created to satisfy a growing appetite for access to boutique investment managers with an expertise in small and mid-cap companies. The Company's objective is to achieve moderate to high portfolio returns over the long-term through investment in small and mid-cap companies quoted on ASX with a history of profitability and a superior growth profile.

While the portfolio will be constantly monitored and reviewed by the Board and its advisers, it will be the sole responsibility of ECP Asset Management to manage the portfolio. ECP Asset Management was established by Manny Pohl (Chief Investment Officer), who has a long history and successful track record in investment management. Manny was appointed as the founding director of Hyperion Asset Management Limited in 1996 and was instrumental in growing this business to over \$3 billion funds under management and leading it to numerous investment awards. In 2012 he exited that business to form a boutique investment management business which is the investment manager of another listed investment company, Flagship Investments Limited (ASX: FSI). Manny and his team also continue to manage a number of individually managed accounts on behalf of high net worth clients applying the same investment philosophy as that proposed for Barrack St Investments.

I have known Manny Pohl in a professional capacity for more than ten years and respect his investment skill, business acumen and professional integrity. In my experience, Manny has always acted in the interests of its shareholders and clients which I believe is an important trait in an investment manager alongside their ability to achieve superior returns for investors.

We believe that the investment philosophy which will be implemented by the Manager will appeal to all the shareholders. Each of the Directors of the Company have invested in the Company and we thank you for making the decision to invest with us.

Yours sincerely

Murray H. d' Almeida
Chairman



DIRECTORS' REPORT

The Directors present their report together with the financial report of Barrack St Investments Limited for the period ended 30 June 2014 and Independent Audit Report thereon. The financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards (IFRS).

Directors

The Directors of the Company during or since 30 June 2014 to the date of this report are:

Name	Date of Appointment
Murray H. d' Almeida	23 January 2014
Emmanuel C. Pohl	23 January 2014
David Crombie	9 June 2014
Jared D. Pohl (alternate)	23 June 2014

Details of the Directors in office during the period:

Name And Qualification

Murray H. d' Almeida
FAICD

Experience and expertise

Chairman, Independent Director

Over 35 years of diverse national and international business experience. After working for a firm of Chartered Accountants, moved into the commercial world in which holding a broad range of commercial and financial positions with multinational companies. Founded the Retail Food Group and developed a presence in seven overseas countries. Has maintained operating and board positions within a range of financial services, mining, commercial, academic, government and sporting businesses and organisations.

Member of Audit Committee

Other current directorships

Chairman of Pacific Environment Limited

Chairman of Management Resource Solutions PLC

Chairman of BPS Technology Limited

Director of Beacon Hill Resources PLC

Councillor Southern Cross University

Trustee of Currumbin Wildlife Foundation

Member of Gold Coast Light Rail Business Advisory Board

Emmanuel Clive Pohl
Pr Eng. BSc (Eng), MBA, DBA, FAICD,
MSSA, F Fin

Executive Director

Over 27 years experience in the funds management industry initially as a director and head of research with leading South African broking firm Davis Borkum Hare. He was a member of the 1991 South African delegation to the Annual Meeting of the Board of Governors of the World Bank and the International Monetary Fund in Bangkok. He was a member of the South African Accounting Practices Board until he left South Africa in 1994. After arriving in Australia he joined Westpac Investment Management prior to founding Hyperion Asset Management in 1996. He was CEO and Managing Director of this company for 16 years but in April 2013 he decided to hand over the reins and resign from the company to focus on directorships he holds and service the individually managed accounts business. He served on the Board of a number of major corporations in South Africa and Australia.

Member of Audit Committee

Other current directorships

Chairman of EC Pohl & Co

Chairman of Astuce Group Limited

Chairman of Tabu Vodka Co Pty Ltd

Managing Director of Global Masters Fund Limited

Managing Director of Flagship Investments Limited

Director of Athelney Trust PLC

Member of Bond University Institute of Sustainable Development & Architecture Academic Advisory Panel

Trustee of Currumbin Wildlife Hospital Foundation

Former Listed Company directorships in last 3 years

None



DIRECTORS' REPORT

David Crombie
AM

Independent Director

Founding partner in GRM International, with 1600 professional staff engaged on development projects in 26 countries across a range of sectors including health, education, agricultural services and capacity building for AusAid, DIFID and USAid plus multilateral and Government / private sector clients managing development projects in northern Australia and overseas. Retired as Managing Director in 2000 and remains on the Board. Former President of the National Farmers Federation and received an AM for services to agriculture, communities and sport in the Australia Day Awards in 2014.

Chairman of Audit Committee

Other current directorships

Director of Australian Agricultural Company (AAC)

Director of Alliance Aviation Services (AQZ)

Director of GRM International

Director of Foodbank Queensland

President Australian Rugby Union

Directors' interests in securities of the Company are set out in the notes to the Financial Statements.

Company Secretary

Mr Brian Jones (B.COM CA AICD) was appointed company secretary on 23 January 2014. He has had many years of commercial and financial experience and has served as the company secretary and director of listed public companies in the past.

Directors' Meetings

The number of Board meetings and the number of meetings attended by each of the directors of the Company held during the time the directors held office during the period are:

Director	Meetings Held	Meetings Attended
Mr MH d' Almeida	2	2
Dr EC Pohl	2	2
Mr D Crombie	2	2

Corporate Information

Corporate Structure

Barrack St Investments Limited is a company listed by shares that is incorporated and domiciled in Australia.

Principal Activity

The Company is a listed investment company which will invest in small and mid-cap size companies quoted on ASX which have a history of profitability and growth. The Company anticipates moderate to high portfolio returns over the long-term. The philosophy described in the Prospectus and which is being implemented by the Manager will appeal to a wide range of investors.

Review and Results of Operations

The Company made a net profit after income tax of \$ 2.

Dividends

No dividends have been declared or paid during or since the end of the financial period.

Financial Position

The net assets of the Company in dollar terms consist of cash in the bank, an amount owing by the Australian Taxation Office for GST paid and establishment costs of the Company.

Environmental Legislation

The Company's operations are not subject to any environmental legislation under either Commonwealth or State Legislation.



DIRECTORS' REPORT

Event Subsequent to the Reporting Date

Barrack St Investments Limited was listed on the ASX on 14 August 2014. Stapled securities were issued under an Initial Public Offering at \$ 1 per ordinary share (together with one option for every one share issued). The total amount of capital raised amounted to \$ 16,022,500 making the total issued share capital of the Company \$ 16,028,500. Since the listing the Company has acquired shares through its manager E.C.Pohl & Co and at the end of August 2014 the value of net tangible asset per share of the Company was 96.70 cents per share. The portfolio showed an increase in value at 31 August 2014.

Indemnification of Officers and Auditors

During the period, a Directors and Officers insurance policy was put in place indemnifying against any liability any person who is or has been an officer of the Company.

Proceedings on Behalf of the Company

The Company was not a party to any such proceedings during the period.

Remuneration Report

Remuneration Policy

The full Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board.

No remuneration was paid to the directors during the period from date of incorporation until 30 June 2014.

Brian Edward Jones, the Company Secretary, will be paid fees through Rothsay Chartered Accountants, a firm of which he is a partner.

Directors' Interest in Contracts

There are no Directors' interests in contracts other than as disclosed in this report.

Non-audit Services

No non-audit services were performed by the auditors during the period ended 30 June 2014

Auditor's Independence Declaration

The Auditor's Independence Declaration as required by Section 307 of the Corporations Act 2001 is set out and forms part of this Report for the period ended 30 June 2014.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support the principles of corporate governance and have applied these principles where appropriate.

The Company's corporate governance statement is contained in the following section of this annual financial report.

Signed in accordance with a resolution of directors:

A handwritten signature in black ink, appearing to read 'Murray d'Almeida', written over a horizontal line.

Murray d'Almeida
Chairman

Date: 16 September 2014

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BARRACK ST INVESTMENTS LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 30TH June 2014 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.



Leslie Pines
Chartered Accountant

Date: 17 September 2014

Leslie Pines
Suite 1
102 Spofforth Street
CREMORNE NSE 2090



CORPORATE GOVERNANCE STATEMENT

Core Business and Investment Strategy

The core business and investment strategy of the Company is to provide investors with access to boutique investment managers with an expertise in small and mid-cap companies. The Company's objective is to achieve moderate to high portfolio returns over the long-term through investment in small and mid-cap companies quoted on ASX with a history of profitability and a superior growth profile.

Corporate Governance

The Directors support and are committed to the principles of best practice in corporate governance, applied in a manner that is suitable to the Company's particular circumstances.

The ultimate objective of the Company's core business and investment strategy is the achievement of long-term growth and profitability. The Company's corporate governance practices and procedures are directed to providing an appropriate framework for pursuit of that objective, while protecting the rights and interests of shareholders and ensuring that the Company is lawfully and ethically governed.

The Company has adopted the revised ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, second edition.

Set out below are the eight principles of good corporate governance and how the Board has sought to comply with the best practice recommendations for each. Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX, due to the nature and scope of its activities, the reasons for any departures will be explained.

Principle 1: Lay solid foundations for Management and Oversight.

The first principle requires the Company to establish and disclose the respective roles and responsibilities of board and management.

Roles of the Board and Management

The Board is accountable to shareholders for the activities and performance of the Company and has overall responsibility for furtherance of the Company's core business and investment strategy together with its corporate governance. There is no split of functions between individual board members. All decisions are made collectively. There are no senior executives in the company as the company is not of a size to justify having senior executives. The key investment decisions and instructions of the company are made by the Board and advised to the company secretary for implementation.

Due to the nature and size of the business it has been deemed unnecessary to directly employ management personnel. The responsibility for the administrative and accounting functions of the company has been outsourced to the chartered accountancy firm of the company secretary. The performance and efficiency of these functions is reviewed by the Board on an annual basis. A formal engagement notice is in place setting out the terms and conditions of the appointment.

Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

Education and induction

New directors undergo an induction process in which they are given a full briefing on the Company. In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development.

Independent professional advice

The Board collectively and each director has the right to seek independent professional advice at the Company's expense, up to predetermined limits, to assist them to carry out their responsibilities.

A copy of the Board Charter of the Company is contained on the Company's website.

Principle 2: Structure the Board to add value.

The principle requires the Company to have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Composition of the Board

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The current Board has three directors, two of whom are non-executive and independent



CORPORATE GOVERNANCE STATEMENT

(Mr Murray H d'Almeida being Chairman and Mr David Crombie). The Managing Director is Dr Manny Pohl who is an executive director and receives a director's fee, but does not receive any remuneration as an executive director of the company. The names of the directors and their qualifications and experience are stated together with the term of office held by each of them. Directors are appointed based on their industry experience and commercial acumen as well as the specific governance skills required by the Company and the independence of their decision-making and judgment. The CEO function of the company is undertaken by the board and key investment decisions and instructions of the company are made by the Board and advised to the Company Secretary for implementation.

The Board's criterion for determining the independence of a Director is whether the Director is independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of unfettered and independent judgement.

In considering independence, the Board distinguishes between a relationship that may occasionally give rise to a particular discrete conflict of interest that can be addressed by appropriate conflict of interest procedures, and a relationship that may more generally impair the Director's objectivity and conflict of mind.

The composition of the Board is reviewed on an ongoing basis to ensure that the Board has an appropriate balance of expertise and experience. When a vacancy arises or where the Board considers that it would benefit from the services and skills of a new director, the Board considers potential candidates with appropriate expertise and experience.

Nomination committee

The Company has not established a formal nomination committee as the principle recommends, as the Board considers that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility.

Criteria for selection of directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one director with experience in the Company's industry, appropriate to the Company's market. In addition, directors should have the relevant blend of personal experience in accounting and financial management and other commercial acumen.

Responsibilities of the Board

The principal function and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: setting and reviewing the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as budgets.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses in excess of those approved in the annual budget and approving and monitoring investment performance and financial and other reporting.
- Delegation of Authority: delegating appropriate powers to ensure the effective day-to-day management of the Company and establishing and determining the power and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is contained on the Company's website.

Performance Review and Evaluation

Each year, the Board reviews and evaluates its performance and the individual performance of each director, including the Chairman.

The general management and oversight of the evaluation process, including identification and formulation of appropriate performance assessment issues and criteria is the responsibility of the Chairman. Primarily, the review is carried out through consultation by the Chairman with each of the other directors.

Having regard to the nature of the Company's business and the Board's composition, the Board believes this approach to performance evaluation is more useful than seeking to apply predetermined measurable performance indicators or engaging an external facilitator.



CORPORATE GOVERNANCE STATEMENT

Principle 3: Promote ethical and responsible decision-making.

The principle requires the Company to actively promote ethical and responsible decision-making.

Company Code of Conduct

The Board has adopted a Corporate Code of Conduct to establish and encourage observance by the Company's Directors and officers of standards of ethical and responsible decision making and behaviour that are necessary to maintain confidence in the Company's integrity and to recognise and guide compliance with legal and other obligations to the Company's shareholders and other legitimate stakeholders.

The Corporate Code of Conduct which is contained on the Company's website.

Trading in company shares

The Board has adopted a Share Trading Policy that sets out principles to be observed by the Company's directors and officers in relation to buying, selling and dealing in the Company's shares.

The overriding principle is that directors and officers cannot deal in the Company's shares at any time when they possess price sensitive information.

The Share Trading Policy also precludes directors and officers from dealing in securities included in the Company's investment portfolio at any time when they possess information that is price sensitive in relation to such securities or to the detriment of the Company's investment portfolio.

The Share Trading Policy which is contained on the Company's website.

Principle 4: Safeguard integrity in financial reporting.

The principle requires that the Company should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit and Risk Committee

The Board has established an Audit and Risk Committee which provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control systems, risk management systems, regulatory compliance and external audit.

The committee must have at least three members; therefore all of the directors currently serve on the committee. The committee is chaired by an independent director (Mr David Crombie) who is not the chairman of the Board. At least one member must have financial expertise and some members shall have an understanding of the industry in which the Company operates.

The principal roles of the committee are to:

- Assess whether the accounting methods and statutory reporting applied by management are consistent and comply with accounting standards and applicable laws and regulations;
- Make recommendations on the appointment of the external auditors, assess their performance and independence and ensure that management responds to audit findings and recommendations;
- Discuss the adequacy and effectiveness of the Company's internal control systems and policies to assess and manage business risks and its legal and regulatory compliance programmes; and
- Ensure effective monitoring of the Company's compliance with its code of conduct and Board policy statements.

The external auditor attends the audit committee meetings which are held before each board meeting. The committee is authorised to seek information from any external party and obtain legal or other professional advice.

The composition of the audit committee is reviewed on an ongoing basis to ensure that the committee has an appropriate balance of expertise and experience. When a vacancy arises or where the committee considers that it would benefit from the services and skills of a new committee member the committee considers potential candidates with appropriate expertise and experience.

The committee has established a formal Charter, a copy of which is contained on the Company's website

Principle 5: Make timely and balanced disclosure.

The principle requires the promotion of timely and balanced disclosure of all material matters concerning the company.



CORPORATE GOVERNANCE STATEMENT

Board Policies

Continuous disclosure

The Board has put in place mechanisms designed to ensure compliance with the ASX Listing Rules Disclosure Requirements and the company has timetables in place to ensure accountability at a senior level for that compliance.

Confidentiality

In accordance with legal requirements and agreed ethical standards, directors have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Conflicts of interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other party in carrying out the activities of the Company. If a Director cannot or is unwilling to remove a conflict of interest then the director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

Related party transactions

Related party transactions include any financial transaction between a director and the Company and are reported in writing to each Board meeting. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

Principle 6: Respect the rights of shareholders.

The principle requires the Company to respect the rights of shareholders and facilitate the effective exercise of those rights.

Shareholder communication

The Company is committed to effective shareholder communication:

- Through releases to the market via ASX, the Company's website, information mailed to shareholders and general meetings of the Company;
- Providing balanced and understandable information about the Company and its investment strategy;
- Encouraging shareholders to participate in general meetings of the Company; and
- Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

Principle 7: Recognise and Manage Risk.

The principle requires the Company to establish a sound system of risk oversight and management and internal control.

Identification of material business risks are discussed at the audit and risk committee meetings and a formal policy on risk oversight and management of material business risks is being formulated and a copy will soon be available on the Company's website.

Investment Risk

The Board is responsible for dealing with issues arising from investment risk. By its nature the Company will always carry risk because it must invest its capital in securities which are not risk free.

Attestations by Chairman and CFO

In accordance with the Board's policy and in terms of the declaration required under section 295 A of the *Corporations Act 2001*, the Chairman and CFO have prior to the Board signing the Annual Report, made the attestation that:

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies determined by the Board, and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects

The Board is also not aware of any departures from best practice recommendations.

Principle 8: Remunerate fairly and responsibly.

The principle requires the Company should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.



CORPORATE GOVERNANCE STATEMENT

Remuneration committee

The company has not established a remuneration committee as the principle recommends. The Board consider that due to the scope and nature of the Company's activities, the whole Board should undertake this responsibility. The remuneration of the directors is reviewed annually by the Board as detailed in the Board Charter, a copy of which is contained on the Company's website

Remuneration policy

The Company does not deem it necessary to have a Senior Executive Remuneration Policy as no personnel are employed directly. All executive and administrative services are provided to the Company by the company secretary and his chartered accountancy firm of which he is a partner.

Non-executive director remuneration policy

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the Company. No additional schemes for retirement benefits exist for the directors.



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30 June 2014

	Note	2014 \$
Revenue	3	2
Other expenses		0
Net profit before tax		2
Income Tax Expense		0
Net profit after tax		2



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 \$
ASSETS		
CURRENT ASSETS		
Cash	6	375
Trade and other receivables	7	512
TOTAL CURRENT ASSETS		<u>887</u>
NON CURRENT ASSETS		
Formation Expenses	8	5,116
TOTAL NON-CURRENT ASSETS		<u>5,116</u>
TOTAL ASSETS		<u>6,002</u>
LIABILITIES		<u>0</u>
NET ASSETS		<u>6,002</u>
EQUITY		
Issued Capital	9	6,000
Retained income		2
TOTAL EQUITY		<u>6,002</u>



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2014

	Issued Capital \$	Retained Profits \$	Total Equity \$
Balance at 23 January 2014	0	0	0
Profit for the year		2	2
Other Comprehensive Income for the year		0	0
Total comprehensive income for the year attributable to members of the company	<u>0</u>	<u>2</u>	<u>2</u>
Issue of fully paid ordinary shares	6,000		6,000
Balance at 30th June 2014	<u>6,000</u>	<u>2</u>	<u>6,002</u>



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

STATEMENT OF CASH FLOWS

For the period ended 30 June 2014

	Note	2014 \$ Inflows (Outflows)
Cash flows from Operating Activities		
Cash received from clients and trading activities		0
Interest received		2
Cash paid to clients and suppliers		0
Net inflow of funds from operating activities		<u>2</u>
Cash outflows - investing activities		
Formation expenses paid		<u>5,627</u>
Total cash outflows - investing activities		<u>5,627</u>
Cash flows from financing activities		
Cash received from issue of shares		<u>6,000</u>
Total cash flows from financing activities		<u>6,000</u>
Total net inflow of funds		375
Cash assets at the beginning of the year		0
Cash assets at the end of the year	6	<u><u>375</u></u>



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the Financial Statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be applied consistently to all future years presented, unless otherwise stated at the time.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Barrack St Investments Limited complies with International Financial Reporting Standards (IFRS).

These financial statements have been prepared under the historical cost convention, except for Financial Assets at fair value through Other Comprehensive Income, which are measured at fair value.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value.

Revenue is recognised for the major business activities as follows:

(i) Fund Management fees and commissions

Fund management fees and commissions revenue is recognised when the Company has performed the related service.

(ii) Performance Fees

Performance fee income is recognised when the Company has performed the related service and is calculated as a percentage of the annual out-performance (against set benchmarks) of the investments the Company manages on behalf of its clients.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the Financial Statements

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Furniture and fittings	5-10 years
Computer equipment	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the Financial Statements

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement.

The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment.



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the Financial Statements

Note	2014
3 REVENUE	
Interest received	2
TOTAL REVENUE	<u>2</u>
4 EXPENSES	<u>0</u>
5 KEY MANAGEMENT PERSONNEL COMPENSATION	
Directors Expenses	<u>0</u>
6 CASH	
Cash at Bank	375
	<u>375</u>
7 TRADE AND OTHER RECEIVABLES	
Amount owing by ATO	512
	<u>512</u>
8 FORMATION EXPENSES	
Formation Expenses	<u>5,116</u>



FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2014

Notes to the Financial Statements

Note	Note	2014 \$
9 ISSUED CAPITAL		
6000 Ordinary shares fully paid		6,000
		Number
At beginning of reporting period		0
Issued during the period		6,000
At reporting date		6,000

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders meetings each ordinary shares is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

10 EVENTS AFTER THE BALANCE SHEET DATE

Barrack St Investments Limited was listed on the ASX on 14 August 2014. Stapled securities were issued under an Initial Public Offering at \$ 1 each per ordinary share (together with one option for every one share issued). The total amount of capital raised amounted to \$16,022,500 making the total issued share capital of the Company \$ 16,028,500.

Since the company listed it has commenced acquiring shares using its Manager E.C.Pohl & Co. At the end of August 2014 the net tangible asset per share of the company was 96.70 cents per share. The costs of the offering amounted to 3.3 % of the amounts subscribed. The portfolio showed an increase in the value at 31 August 2014.

Further information on the Company and the terms and conditions of the capital raising can be obtained from the prospectus on the website or by contacting the Company Secretary for a copy.

11 Number of securities held by key management personnel or related parties at 16 September 2014

	Shares	Options
Murray d'Almeida	5,000	5,000
David Crombie	64,000	64,000
Emmanuel Pohl	0	0
Securities (shares and options) registered in entities associated with Dr Pohl	1,006,000	1,000,000

12 CONTINGENT LIABILITIES

At balance date there were no contingent liabilities

13 COMPANY DETAILS

The registered and principal office of the company is

12th floor
Corporate Centre One
2 Corporate Court
Bundall QLD 9726



DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 the financial statements and notes, as set out on pages 12 to 20 present fairly the company's financial position as at 30th June 2014 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations); and
- 2 in the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

A handwritten signature in black ink, appearing to read 'Murray d'Almeida', written over a horizontal line.

Chairman
Murray d'Almeida

Dated this 16 day of September 2014



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BARRACK ST INVESTMENTS LIMITED

I have audited the accompanying financial report of Barrack St Investments Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*. (IFRS)

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Barrack St Investments Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BARRACK ST INVESTMENTS LIMITED

Auditors Opinion

In my opinion:

- (a) the financial report of Barrack St Investments Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards*

Leslie Pines CA
Chartered Accountant

Dated
16 September 2014



CORPORATE INFORMATION

Directors

Murray d' Almeida (Chairman)

Emmanuel Clive Pohl

David Crombie

Company Secretary

Brian Edward Jones

Business address

Suite 305, Level 3, Barrack House

16 – 20 Barrack Street

Sydney NSW 2000

Tel: 02 8651 6800

Fax: 02 8651 6899

Share Register

Boardroom Pty Ltd

Level 7, 207 Kent Street

SYDNEY NSW 2000

Auditor

Les Pines – Chartered Accountant

Suite 1

102 Spofforth Street

CREMORNE NSW 2090



Barrack St Investments Limited
(ACN 167 689 821)

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Sydney NSW 2000

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